in the 1988-89 budget did not result any significant reduction in retail prices of man made fabrics. Govt. is not at present, considering allowing fabric import under OGL.

Replacement of old gold ornaments in Exchange of Gold following the repeal of Gold Control Act.

998. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether after the repeal of the Gold Control Act old gold ornaments are being received in Government Mints for the purpose of melting and gold is being replaced in exchange thereof as it was done earlier; and

(b) if not, whether Government propose to allow the private mint owners to melt old golden ornaments by charging excise duty on such conversion?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) Yes, Sir.

(b) With the repeal of the Gold (Control) Act, no permission is required under the said Act for melting old gold ornaments.

Disapproval of Extension of Modvat Scheme

999. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to state:

(a) whether the official Working Group has disapproved extension of the MODVAT Scheme;

(b) whether the Working Group has submitted its report to him;

(c) if so, what are the recommendations made by the Working Group; and

(d) to what extent these recommendations have been accepted?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) The official Working Group has partially disapproved extension of the MODVAT Scheme.

(b) Yes, Sir.

(c) The important recommendations made by the group, are as under:—

(i) Extension of Modvat to Petroleum Sector, tobacco products, matches and cinematographic films, textiles and capital goods, is not recommended. However existing set-off notification in respect of some of the petroleum items and textile goods may be brought within the purview of Modvat Scheme.

(ii) Extension of Modvat to aerated water is recommended.

(iii) The time is not yet ripe for the introduction of comprehensive value added tax in India.

(iv) The national credit scheme under which input credit at rates higher than rates on which duty has been actually paid is given in respect of products manufactured by small scale units should be withdrawn as this system has resulted in certain distortions and misuse of Modvat scheme. It has also been found that this scheme discriminates against tiny units.

(v) Excise rules and the existing procedures should be amended to rationalise, simplify and improve the working of the Modvat scheme.

(vi) Urgent action should be taken regarding staff augmentation, computerisation training and orientation of the officers of the Department to take care of the additional items of work generated by the Modvat Scheme.

(d) The report is receiving the attention of the Government of India.